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Benefits and Records Management
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Resignation

Important Information

This booklet provides general guidance for employees concerning the disposition of their benefits on separation from County employment. It is not intended to change or otherwise modify any law, rule, regulation or bargaining agreement that may impact the subject matter contained in this document. If there is an inconsistency, the law, rule, regulation or bargaining agreement will prevail.

General Questions

Q. What is resignation?

A. Resignation is an employee's voluntary separation from County employment.

Q. How do I resign?

A. You should submit a written resignation to your department at least two weeks before the effective date of your resignation.

Q. What happens after I submit my resignation?

A. Your department will forward a Personnel Action Form (PAF) to the Office of Human Resources (OHR). The PAF will be processed during the pay period when your separation occurs.

Your last paycheck will be mailed to you or deposited directly to your bank account, if you have chosen the direct deposit option.

If you were hired before 11/19/85, then 40 hours (pro-rated for part-time employees) of pay will be withheld from your last paycheck at

the 11/19/85 rate of pay. This is because you received a pay advance in November 1985 when the new payroll system was implemented. However, if you were on leave without pay, or received sick leave donations after November 1985, then some or all of the pay advance has already been deducted. There is no withholding of pay for employees hired after 11/19/85.

Q. Do I have to file a financial disclosure statement when I resign?

A. If you're required to file a financial disclosure statement under provisions of the County Code, you must file the statement with your department director for the calendar year (up to the date of departure) during which you separate from the County.

Check with your department director's office to get the financial disclosure statement. Failure to submit a financial disclosure statement upon resignation will cause a delay in processing your final paycheck.

Q. Is there anything else I need to do?

A. Yes. *Before you leave*, you should return to your supervisor any County equipment, including ID card, keys, parking tags, or other County property you may have in your possession.

Health Insurance

Q. What happens to my health insurance if I separate from the County?

A. Your health insurance coverage ceases after midnight of the last day of your employment with the County, unless you elect to have your coverage extended through COBRA.

Q. What is COBRA?

A. The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) is a federal law which provides for the continuation of current health care coverage for you and your dependents for a limited period.

Q. How do I apply for insurance under COBRA?

A. Once the Benefits and Records Management Team receives the PAF from your department indicating your separation, OHR will send you a letter informing you of COBRA, your rights under that law, and instructions for applying.

Q. How long may I or my dependents expect to be covered by COBRA?

A. COBRA benefits are available for you for 18 months *or* until you or your covered dependents become insured under any other health care plan, whichever occurs first.

If you're disabled before the time of termination or become disabled within the first 60 days of becoming eligible for COBRA coverage, COBRA coverage can continue for an additional 11 months. Your spouse or children can continue COBRA coverage up to 36 months in the event of your death, divorce, legal separation, or if you become eligible for Medicare. Children have 36 months COBRA continuation after they no longer are dependents.

COBRA's 11-month disability extension only applies if:

- The qualified beneficiary is disabled at any time during the first 60 days of COBRA coverage;
- The qualified beneficiary has a disability determination from the Social Security Administration (SSA) stipulating to the disability at any time during the first 60 days of COBRA coverage; *and*
- The disability determination is provided to the administrator within 60 days of when it is issued by SSA and before the end of the original 18-month COBRA period.

Determination of disability within the first 60 days of COBRA does not mean that you have to first become disabled within that 60-day period. Instead, the disability extension will apply even if you were determined to be disabled prior to the qualifying event. This 11-month extension applies to you and all of your qualified beneficiaries, whether or not they are disabled.

Q. What is the cost of insurance under COBRA?

A. Insurance under COBRA will cost you 102% of the total health insurance premium (both County and

employee contributions, plus a 2% administrative fee).

If you're disabled, you can continue COBRA for the extra 11 months following the initial 18 months of coverage, for a total of 29 months of coverage. The cost beyond the initial 18 months is 150% of the total health insurance premium.

Q. Are there other insurance options if I don't choose to continue my County coverage under COBRA?

A. You and your dependents may request to convert to an individual policy with your current health plan. Contact your health plan's Member Services Office on or before separation from the County for more information.

Life Insurance

Q. May I continue life insurance coverage?

A. You may continue life insurance coverage through a conversion policy by making application and the first premium payment to Prudential within 60 days of your resignation. Contact OHR's Benefits Team at 240-777-5000 to

request a conversion policy application.

Deferred Compensation

Q. What do I need to do if I'm getting ready to retire or leave County employment?

A. On separation from employment or retirement from Montgomery County, you may choose to:

- Maintain your account in the Plan; or
- Withdraw all or a portion of your account immediately or through a systematic withdrawal program or annuity option; or
- Roll over your account balances to another eligible retirement plan, such as a governmental 457 plan, a 403(b) plan, a qualified 401 plan, or a traditional IRA.

Information regarding your deferred compensation account will be mailed to your home address by your provider(s) two to three weeks after being notified by the County of your status change. Read these materials carefully. Please contact your provider directly if you wish to make

a withdrawal, rollover, transfer, or if you wish to purchase an annuity.

Leave

Q. What happens to my annual leave when I leave County employment?

A. You'll be paid for any unused annual leave. If you have a paid time off (PTO) balance instead of annual leave, you will be paid for up to a maximum of 600 PTO hours. Remember, leave is reported as wages and is subject to all applicable taxes. Taxes will be deducted based on a fixed percentage, regardless of the number of withholding allowances you had elected for your regular pay.

NOTE: *Incumbents of some positions are required to file financial disclosure statements before the leave payoff can be made. Also, some departments require the return of all equipment before the leave payoff can be made.*

Q. What happens to my sick leave when I leave County employment?

A. You don't receive reimbursement for accumulated sick

leave. However, your sick leave balance is held for you for two years in case you return to County service. If you return to County service within two years, your sick leave balance is restored. If you return to County service after two years from your resignation date, your previously accumulated sick leave will not be credited to you.

NOTE: *If you retire from the Employees' Retirement System, up to two years of your sick leave balance may be applied towards credited service for your retirement benefit.*

Q. What happens to my compensatory time on my separation from the County?

A. You'll be paid for your compensatory time balance according to the following limitations.

Exempt Employees

If you're an exempt employee (not covered under the Fair Labor Standards Act), you'll be paid for up to 80 hours of earned, unused compensatory time (or up to 96 hours if you're assigned a 2496 hour work year). You'll forfeit any amount that exceeds the maximum allowable limit.

Non-exempt Employees

If you're a non-exempt employee (covered under the Fair Labor

Standards Act), you'll be paid for *all* earned, unused compensatory time.

To find out if you're an exempt employee or not, please check the top line of your time sheet.

Remember, compensatory time payments are reported as wages and are subject to all applicable taxes. Taxes will be deducted based on a fixed percentage, regardless of the number of withholding allowances you had elected for your regular pay.

Debts

Q. What happens to any debts owed to the County at the time of separation?

A. You're responsible for the return of all County property and for the reimbursement of any debt owed the County at the time of separation. Any unpaid debt is referred to the Payroll Section, and the outstanding balance is deducted from your leave balances. If leave balances are not available, then the reimbursement is deducted from the return of retirement contributions.

Employee retirement contributions from the Employees' Retirement System (not the Retirement Savings Plan) may be forwarded by the County to the Montgomery County

Employees' Federal Credit Union to repay any outstanding Credit Union debt unless other arrangements are made with the Credit Union.

Q. If I'm currently taking classes funded by the Tuition Assistance Program, do I owe the County any money when I separate?

A. Yes. Employees who do not complete the one-year mandatory service requirement for the Tuition Assistance Program are required to reimburse the County a pro-rated amount based on the paid tuition.

Contact the Staffing and Organizational Development Team at 240-777-5116 to arrange for the repayment of funds. Otherwise, the amount owed will be deducted from unused annual leave or compensatory time balances or refund of retirement contributions.

Retirement Contribution

Q. What happens to my retirement contribution fund if I'm a member of the Employees' Retirement System (ERS)?

A. If you're a member of the ERS, you'll receive a letter from the Office of Human Resources (complete with a rollover/election form) requesting a decision regarding disbursement of your funds. You'll receive the letter within 90 days following your resignation.

If you have *less* than five years of membership in the retirement system, your refund will be processed within 60 days of the date you returned the completed rollover/election form.

If you have *more* than five years of membership in the retirement system, you also have the option to leave your money in the retirement account and draw a future benefit when you become eligible.

Q. What happens to my refund of retirement contributions if I'm a member of the Retirement Savings Plan (RSP)?

A. When you separate from County service, your refund will consist of your account balances. You'll always be able to take *your* contributions to your investment account and any investment gains or losses. If you separate after three years of County service, you'll also receive the County's contributions to your investment account and any gains or losses.

An RSP member may also elect to roll over the investment account balance to another eligible retirement plan. You'll receive a letter (and an election form) from the Office of Human Resources requesting a decision regarding disbursement of your funds.

Special Accounts

Q. How do I close out my savings bond account?

A. To cancel payroll deductions, complete the Authorization for Purchase and Request for Change form, available from the Office of Human Resources, EOB, 7th floor. Any unused balance of funds will be refunded to you the pay period following your separation. The Federal Reserve Bank will mail any outstanding savings bonds to your home.

Q. What happens to the outstanding balance in my dependent care and health care flexible spending accounts?

A. If you continue your health insurance coverage through the County's group plans under COBRA, you may continue to use your health care reimbursement

account, although there will be no additional tax-deductible contributions from your paycheck.

If you have documentation for expenses incurred during the time you were a participant, you can recover those monies by completing the FlexAmerica claim form, attaching your documentation and forwarding it to FlexAmerica for reimbursement.

If you can't provide the required documentation, the unused amount will be forfeited.

All requests for reimbursement of expenses incurred as a participant must be *received by March 31st* of the calendar year following the year you participated in the plan. Any money in the account not used for reimbursement of eligible expenses by that time will be forfeited in accordance with IRS rules.

Change of Address

Q. Do I have to notify OHR if I change my address after I leave County employment?

A. Yes. OHR may need to contact you about a refund of your retirement contributions or about your deferred compensation benefits. Also, the Finance Department will

need to send you a W-2 statement of earnings for the year you left County employment.

Be sure to let OHR know your new address if you move within 4 months of leaving County employment or if you move before you have received the W-2 from the County for your last year of employment.

You may send a letter or fax with your new address to the Records Management Team, Office of Human Resources, 101 Monroe Street, 8th Floor, Rockville, Maryland 20850 (FAX: 240-777-5130). *Your correspondence should include your signature and your Social Security Number.*

Note that because a signature is required, we cannot accept e-mail or telephone requests for address changes.

Additional Information

Call the Benefits Team at 240-777-5000 with questions on insurance, retirement, disability retirement, or flexible spending accounts.

Contact the Finance Department's Risk Management Division at 240-777-8920 if you have an active Workers' Compensation claim and

are planning to separate from County service.

Note: This information can be made available in an alternate format, if necessary. Contact the Benefits and Records Team at 240-777-5000.